GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:784
ANSWERED ON:05.12.2003
STATE FINANCE CORPORATION
BASUDEB ACHARIA

Will the Minister of FINANCE be pleased to state:

(a) whether the Gupta Committee in its report dated the January 20,2001 made recommendations for operational,financial and organizational restructuring of State Financial Corporations;

(b) if so, whether the report was circulated to all State Governments to take immediate action on the report; and

(c) if so, the present status of the implementation of the Gupta Committee report?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

(a) Yes, Sir.

(b) The Report was sent to various State Financial Corporations (SFCs) for taking immediate action on recommendations that do not involve any financial support, such as operational and organizational restructuring.

(c) Recently, keeping in view the importance of the SFCs, especially, for the SSI Sector, in various states the Government in consultation with Small Industries Development Bank of India (SIDBI) has formulated a financial package for revitalization of the SFCs. The Package envisages that those SFCs which enter into a Memorandum of Understanding (MoU) with SIDBI along with the respective State Governments would be eligible for following reliefs /concessions:

(1) Reduction in the rate of interest on outstanding refinance/Line of Credit by 2% p.a.

(2) A Rebate of 2% in the Rate of Interest for all future refinance/Line of Credit; and

(3) A Moratorium of One Year for Repayment of existing dues.